

May 18, 2007

Maine Milk Commission Special Meeting Minutes  
Deering Building, Room 233  
Augusta, Maine 04333

Notices for the May 18, 2007 meeting were distributed to Commission members, intervenors and other interested parties April 23, 2007 and sent to the Secretary of State's Office for posting on April 23, 2007.

**Commission Present:** Chair, Michael Wiers, John Joseph Jr., Katherine O. Musgrave, Colon Durrell and Shelley Doak, *ex-officio*.

**Commission Absent:** None

**Department Officials:** None

**Staff Present:** Stan Millay, Executive Director, Carol Gauthier, Office Associate.

**Legal Counsel:** Lucinda White, Assistant Attorney General.

**Intervenors Present:** John Blake, H.P. Hood, Inc. and Thomas Brigham, Oakhurst Dairy.

**Others Present:** Dale Cole, dairy farmer and President, MDIA, and Julie-Marie Bickford, Executive Director, Maine Dairy Industry Association (MDIA). Also present were, dairy farmers Chuck Farrand, Barney Wright and Walter Fletcher.

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Meeting called to order at 1:35 p.m. by chair, Michael Wiers.

**Agenda Item 1: Minutes:** Shelley Doak made a motion to accept the minutes of the April 23, 2007 meeting and the May 9, 2007 meeting as presented. Colon Durrell seconded. Motion passed 3-0. (Katherine Musgrave and John Joseph came in after this vote and did not participate in it).

**Agenda Item 2: Lucinda White, Assistant Attorney General:** No report.

**Agenda Item 3: Minimum Prices:** Stan Millay reported that there is a prevailing premium of \$1.10/cwt on Class I for June 2007 reported by Dairy Marketing Services (DMS) and Agri-Mark Cooperative. In addition to this premium, both Agri-Mark and DMS reported that an additional \$0.75/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in affect on June milk. Federal Order One Class I price for June is \$21.09.

There is a Farm Bill Counter Cyclical Payment (MILC) for June 2007 of \$0.00/cwt. Congress has reauthorized the MILC program at a reduced rate: (34% of \$16.94 minus the Class I Price).

Stan Millay explained that the price schedule for June was prepared using the information above plus a producer cost of production adjustment of \$1.35/cwt. and was also prepared using the new dealer margins adopted on May 9, 2007 and which were in effective on May 18, 2007.

Michael Wiers asked for information on L.D. 1468. Stan Millay reported that L.D. 1468, the proposed revision to the milk handlers' fee, is still before the Legislative Agriculture Committee and had been amended from its original version. He explained that the new language created a rate schedule per gallon that ranges from \$0 when the Class I Price is \$24/cwt. or higher to \$0.36 when Class I dips below \$15.49/cwt. The proposed language also includes a disaster trigger that adds 6 cents per gallon to the fee for each 50 cent increment below a Class I Price of \$15/cwt.

John Joseph made a motion to adopt the price schedule as presented. Colon Durrell seconded the motion. Motion passed 4-0.

Julie-Marie Bickford provided a handout to the Commission that gave an overview of the legislative bills and actions that will affect the dairy sector in Maine. She echoed the above information about L.D. 1468 and gave an update on L.D. 852, the so-called gouging bill that, besides regulating retail milk prices, increased the support level for dairy producers during periods of low milk prices. She went on to explain that proposed amendments and revisions to L.D. 852 would increase the three tier levels currently set by Commission Rule. Tier level one would increase from \$18.68/cwt. to \$20.70/cwt. Level two would increase from \$16.23/cwt. to \$18.07/cwt. and tier level three would increase from \$15.43/cwt. to \$17.29/cwt. Another revision to this bill will amend the Milk Commission statutes to make major substantive any future adjustments to the tier levels. This means that any rule changes adopted under this section of statute by the Milk Commission would need to be approved by the legislature before becoming effective.

She also explained that the legislature is still exploring whether or not these proposals will become part of the budget bill or remain stand alone legislative bills. She said the outcome should be the same, but the process would be different.

She said that MDIA was asking the legislature to keep \$1.5 million in each of the next two fiscal years to maintain a base line in the Milk Commission Milk Pool Budget.

**Agenda Item 4: Maine Monthly Price Survey:** The Commission reviewed the Maine price survey for April 2007 which included prices for Augusta and Bangor. The IAMCA milk price survey was not available. Stan Millay reported that gallon prices in Shaw's Portland stores were at \$3.99 for both the Hood and Oakhurst brands while the Shaw's stores in Augusta, Bangor and Brunswick had these same brands for \$4.79 and \$4.69 respectively.

Stan Millay also reported that Oakhurst has a new label that is beginning to appear on store shelves and that the new label does not include the Maine Quality Seal. The label continues to claim that no artificial growth hormones are used.

**Agenda Item 5: Next Scheduled Meetings:**

- June 22, 2007, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- July 20, 2007, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- August 17, 2007, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- September 21, 2007, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- October 19, 2007, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

**Agenda Item 6: Other:**

1. **Milk Commission Budget:** The Commission reviewed income and expenditures. Stan Millay reported that the legislature had briefly looked at dedicated revenue account balances and discussed taking some of the undesignated cash balances. He went on to say that to date, this plan was “off the table”, but added that nothing is really off until the legislature adjourns.
2. **Retail Margins:** Stan Millay reported that the University of Maine continues gathering information that will be used to determine new retail margins.
3. **IAMCA Meeting in August:** Stan Millay provided a draft agenda and registration information to the Commission concerning the conference that the Commission is hosting in South Portland, Maine on August 5-8, 2007. He asked that Commission members and others interested in this meeting review the materials and comment if they have questions or suggestions.

**Agenda Item 7: Executive Session: The Commission did not go into Executive Session.**

**Adjourned: 2:20 p.m.**

**Stanley Millay, Executive Director, Maine Milk Commission.**